

ANNUAL STATEMENT REVIEW GUIDELINES/CHECKLIST

RETIREMENT BOARD

CALENDAR YEAR 2016

STEP 1 – SIGNATURE PAGE

Determine when the Annual Report was filed with PERAC – Month____Day____Year____	YES	NO
Was the filing submitted on a timely basis?		
If not, determine why? Was an extension request submitted to PERAC?		
Did all 5 Board members sign the report?		
If not, determine why?		
Was the Chairperson designated?		
Do the members' terms expire after the report date (2016 or later)?		
Are all Investment Advisors listed?		
If not, determine why?		
Is an Investment Consultant listed?		
If not, determine why?		
Is a Custodian listed?		
If not, determine why?		

STEP 2 – ANNUAL STATEMENT BALANCE TESTS PAGE

Asset Balance	YES	NO
<i>Assets Previous Year</i> – Does this number agree with the total in the middle column of Assets and Liabilities on the next page?		
<i>Income Current Year</i> – Does this number agree with the Total Receipts in the left hand column of Receipts on the Receipts page?		
<i>Disbursements Current Year</i> – Does this number agree with the Total Disbursements in the left hand column of Disbursements on the Disbursements page?		
<i>Assets Current Year</i> – Does this number agree with the total in the left hand column of Assets and Liabilities on the next page?		
Asset Difference		
<i>Difference</i> – Do the math; subtract line 2 from line 1.		
Income Difference		
<i>Difference</i> – Do the math; subtract line 2 from line 1. Does this number agree with the number above?		
Fund Change Difference	YES	NO
<i>Total Fund Change Credits Current Year</i> – Does this number agree with the Total All Funds Receipts column, plus all credits itemized and disclosed in Interfund Transfers listed below the Fund Balances Statement on page 3?		
<i>Total Fund Change Debits Current Year</i> – Does this number agree with the Total All Funds Disbursements column, plus all debits itemized and disclosed in Interfund Transfers listed below the Fund Balances Statement on page 3?		
<i>Difference</i> – Do the math; subtract line 2 from line 1. This should agree with the number in both step 2 and step 3 above.		

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STEP 3 – ASSETS AND LIABILITIES PAGE

	YES	NO
1040 – 1049 <i>Cash</i> – Does this number agree with the total at end of year balance on Schedule 1?		
1100 – <i>Short Term Investments</i> – Does this number agree with the market value total at end of year on Schedule 2?		
1180 – <i>Fixed Income Securities (market value)</i> – Does this number agree with the market value total at year-end on Schedule 3A?		
1170 – <i>Equities</i> – Does this number agree with the market value total at year-end on Schedule 4A?		
1101 – 1199 <i>Pooled Funds and PRIT</i> – Do these numbers agree with the market value totals at year-end on Schedule 5?		
1350 – <i>Prepaid Expenses</i> – Are any significant values disclosed?		
1398 – <i>Accounts Receivable</i> – Does this number agree with the total reported on Schedule A?		
Are all accounts receivable dated?		
Are any stale/aged items dated from a prior year included?		
1550 – <i>Interest Due & Accrued Current Year</i> – Does this number agree with the total interest due and accrued at year-end on Schedule 1, Schedule 2 and Schedule 3A, combined?		
1910 – 1999 <i>Capitalized Assets; Premises; Leasehold Improvements; Equipment; Accumulated Depreciation?</i> Do these numbers correspond with that reported on the Disbursements page?		
2020 – <i>Accounts Payable</i> – Does this number agree with the total reported on Schedule A?		
Are all accounts payable dated?		
Are any stale/aged items dated from a prior year included?		
TOTAL – This should agree with the TOTAL number reported on this statement in the Fund Balances section below.		
3293 – <i>Annuity Savings Fund</i> – Does this number agree with the ending balance in the last column of the Fund Balances page?		
3294 – <i>Annuity Reserve Fund</i> – Does this number agree with the ending balance in the last column of the Fund Balances page?		
3295 – <i>Military Service Fund</i> – Does this number agree with the ending balance in the last column of the Fund Balances page?		
3296 – <i>Pension Fund</i> – Does this number agree with the ending balance in the last column of the Fund Balances page? Negative (Debit) Fund balances should be discouraged.		
3298 – <i>Expense Fund</i> – The Expense Fund balance, if it has been closed correctly, should be zero.		
3297 – <i>Pension Reserve Fund</i> – Does this number agree with the ending balance in the last column of the Fund Balances page?		
TOTAL – This should agree with the ending balance in the last column of the Fund Balances page.		

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STEP 4 – CHANGES IN FUND BALANCES PAGE

	COMPLETE
Compare and confirm the beginning balances with the ending balances from the previous year on the Assets and Liabilities page.	
Compare and confirm the Receipts balances with the subtotals for each fund reported on the Receipts page.	
From the list at the bottom of the page, add all transfers from as negatives, transfers to as positives, compare and confirm to the net values recorded for each respective fund in the Interfund Transfers column. The net result should be zero.	
Compare and confirm the Disbursements balances with the subtotals for each fund reported on the Disbursements page.	

STEP 5 – RECEIPTS

	COMPLETE
<i>Annuity Savings Fund: (e) Investment Income Cr to Members Accounts – Compare and confirm the balance with the Investment Income Statement; Income Required; Annuity Savings Fund.</i>	
<i>Annuity Reserve Fund: (a) Investment Income Cr to Annuity Reserve Fund – Compare and confirm the balance with the Investment Income Statement; Income Required; Annuity Reserve Fund, and with the enclosed ARF interest calculation.</i>	
<i>Pension Fund: Received from Commonwealth for COLA #4899 is in proportion to #5752 in Disbursements?</i>	
Are Worker's Compensation Settlements reported separately in general ledger #4840?	
Are the recovery of 91A or 91(b) funds reported separately in general ledger #4841?	
<i>Military Service Fund: (b) Investment Income Cr – Compare and confirm the balance with the Investment Income Statement; Income Required; Military Service Fund.</i>	
<i>Expense Fund: (b) Investment Income Cr to Expense Fund – Compare and confirm the balance with the Investment Income Statement; Income Required; Expense Fund.</i>	
<i>Pension Reserve Fund: (e) Excess Investment Income – Compare and confirm the balances with the Investment Income Statement; Excess Income To The Pension Reserve Fund.</i>	

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STEP 6 – DISBURSEMENTS

	COMPLETE
Confirm the math for the Pension Fund Disbursements.	
COLA's Paid in Disbursements #5752 in proportion to Received from Commonwealth for COLA's #4899 in Receipts?	
Actuarial Study Fees were reported separately in general ledger #5316?	
Accounting, Audit Fees were reported separately in general ledger #5317?	
Education and Training were reported separately in general ledger #5320?	
Was any Depreciation reported that related to capitalized assets?	
Compare and confirm the Expense Fund total is the same number used on the Receipts page, as well as the balance on the Investment Income page; Income Required; Expense Fund.	

STEP 7 – INVESTMENT INCOME STATEMENT

	COMPLETE
Confirm the math for all subtotals by adding sub-accounts to agree, for all 3 periods.	
Investment Income Received From:	
<i>a. Cash</i> – Compare and confirm the balance with Schedule 1, Income reinvested/re-deposited, and Paid to system, not re-invested/re-deposited.	
<i>b. Short Term Investments</i> – Compare and confirm the balances with Schedule 2, Interest received during year.	
<i>c. Fixed Income Securities</i> – Compare and confirm the balances with Schedules 3A and 3C Interest received during year.	
<i>d. Equities</i> – Compare and confirm the balances with Schedules 4A and 4C, Dividends received during year.	
<i>e. Pooled Funds</i> – Compare and confirm the balances with Schedule 5, Reinvested Income and Cash Dividends/Distributions.	
<i>f. Commission Recapture and Securities Litigation</i> (usually listed on Schedule 4A). (NOTE: Schedule may include income from securities litigation, securities lending, commission recapture)	
4821 – <i>Total Investment Income</i> – Compare and confirm the balances with Schedule 6, Investment Income Received during year.	
4884 – <i>Realized Gains</i> – Compare and confirm the balances with schedules 2, 3C, 4C and Schedule 5.	
4886 – <i>Unrealized Gains</i> – Compare and confirm the balances with Schedule 3A, 4A, and Schedule 5.	
1550 – <i>Interest Due and Accrued, Current Year</i> – Compare and confirm the balances with Schedules 1, 2 and Schedule 3A Interest Due and Accrued at Year End.	
4823 – <i>Paid Accrued Interest – Fixed Income Securities</i> – Compare and confirm the balances with Schedule 3B, Accrued Interest Paid.	

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STEP 7 – INVESTMENT INCOME STATEMENT (Continued)

4885 – <i>Realized Losses</i> – Compare and confirm the balances with Schedules 2, 3C, 4C and Schedule 5.	
4887 – <i>Unrealized Losses</i> – Compare and confirm the balances with schedules 3A, 4A and Schedule 5.	
1550 – <i>Interest Due and Accrued, Prior Year</i> – Compare and confirm the balances with 1550 – Interest Due and Accrued, Current Year for the prior periods shown.	
<i>Income Required: Annuity Reserve Fund</i> – Compare and confirm to the ARF interest calculation (should be included and enclosed with the Annual Statement filing).	

STEP 8 – INCOME REQUIRED

Reasonableness Test for Income Required by Funds (Bottom of Investment Income Page)	COMPLETE
ASF – Calculate the % by dividing the Income Required \$value by the Prior Year ASF Balance. Enter the percentage calculated here _____. The result should be close to 0.1%, but consider refunds since 7/1/2010 may include 3.0% interest for those that qualify.	
ARF – Calculate the % by dividing the Income Required \$value by the average of the Current and Prior Year = $\text{ARF Income Required} / ((\text{Current Yr ARF} + \text{Prior Year ARF}) / 2)$. Enter the percentage calculated here _____. The result should be close to 3.0%.	
MSF – Calculate the % by dividing the Income Required \$value by the Prior Year MSF Balance. Enter the percentage calculated here _____. The result should be close to 0.1%.	
EXPENSE FUND – Calculate the % by dividing the Expense Fund \$value by the average of the Total Assets, Current and Prior Year = $\text{Income Required} / ((\text{Current Yr Assets} + \text{Prior Year Assets}) / 2)$. Enter the percentage calculated here _____. Check the appropriate category: Less than .5% _____. Between .5% and .75% _____ Between .75% and 1% _____; Between 1% and 1.5% _____ More than 1.5% _____.	
Compare prior period amounts to determine if \$ amount results are within range/tolerance.	

STEP 9 – SCHEDULE 5

	COMPLETE
Does the market value at prior year end agree with the Assets and Liabilities Page, middle column, Lines 6 – 18?	
Can you apply the Pooled Funds reported on separate lines with the applicable general ledger classification for the current period to agree?	
Are Realized Gains and Realized Losses reported in separate columns for the current period?	
Are Unrealized Gains and Unrealized Losses reported in separate columns for the current period?	

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STEP 10 – SCHEDULE 6

	COMPLETE
Schedule 6 is not provided by the custodian. It is prepared by the system using excel. Compare the results reported with Schedules 1 through 5 for consistency.	
Does the market value at the current year-end agree with the Assets and Liabilities Page, left columns, Lines 2 – 18?	
Does the interest due and accrued at the current year-end agree with the Assets and Liabilities Page, line 21?	
Does the interest paid on purchased fixed income securities at the current year-end agree with the Investment Income Page #4823?	
Are Realized Gains and Realized Losses reported in separate columns for the current period? Do these separate totals agree with the Investment Income Page #4884 and #4885?	
Are Unrealized Gains and Unrealized Losses reported in separate columns for the current period? Do these separate totals agree with the Investment Income Page #4886 and #4887?	

STEP 11 – SCHEDULE 7

	COMPLETE
Compare Schedule 7 with Management Fees reported in Expense Fund #5304 in total.	
Compare Schedule 7 with Custodial Fees reported in Expense Fund #5305 in total.	
Compare Schedule 7 with Investment Consultant Fees reported in Expense Fund #5307 in total.	
Determine that all Managers reported on Signature Page or attached list include fees reflected on Schedule 7. If not, follow up contact with the system is required.	
Assess for reasonable annual period accumulated fees. Compare 12 months with prior 12 months, Q1 – Q4 with prior period.	

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STEP 12 – SUPPLEMENTAL MEMBERSHIP SCHEDULE

	YES	NO
Does the beginning balance agree with Annuity Savings Fund balance previous year on the middle column of the Assets and Liabilities Page?		
Do the total additions for the current year include the Members' Deductions (#4891), Transfers In from Other Systems (#4892), Members' Make Up Payments and Re-deposits (#4893) and Member Payments from Rollovers (#4900)?		
Does the Total Interest Current Year agree with the Investment Income Credited to Members' Accounts disclosed on Page 4, 1. (e) and Page 6, Income Required, Annuity Savings Fund?		
Do the total reductions for the current year include Refunds to Members (#5757) and Transfers to Other Systems (#5756) with an adjustment for Interest Not Refunded?		
Do the transfers to the Annuity Reserve Fund for these members' balances reflect a zero ending balance?		
Does the total of transfers to the Annuity Reserve Fund agree with the Interfund Transfers reported on the Changes in Fund Balances Statement on page 3?		
Do the transfers to the Pension Reserve Fund reflect the balance accumulated in the inactive members for 10 years ASF balance? Does the Transfer to Pension Reserve Fund agree with the Interfund transfers reported on Page 3 for accounts inactive transferred during the current year? Consider some portion of interest not refunded to members upon withdrawal (2 year rule). Do these members' balances reflect a zero ending balance?		
Does the ending balance agree with Annuity Savings Fund balance on the Assets and Liabilities Page, Funds line 1?		
Is there an adjustment disclosed for buybacks by members included in Accounts Receivable? Is this total reflected in the amount reported on Schedule A, #4893?		

STEP 13 – COMMUNICATION WITH SYSTEM POST FILING

	YES	NO
Was the Retirement Board contacted regarding any issues related to this Annual Statement?		
If the contact was initiated by email, attach a copy to this checklist.		
If the contact was initiated by phone, include a brief summary of the issues and who they were discussed with. Use the back of this page as necessary.		
Is a formal response required from the system to complete this evaluation?		
Have revised/corrected statements/pages been requested?		
Have the revisions/corrections to the statements/pages been received and attached?		

Review Completed By:

Date:

Auditor